

SUPPLEMENTING THE FEDERAL RECLAMATION LAWS BY PROVID-
ING FOR FEDERAL COOPERATION IN NON-FEDERAL PROJECTS
AND FOR PARTICIPATION BY NON-FEDERAL AGENCIES IN
FEDERAL PROJECTS

MAY 23, 1956.—Ordered to be printed

Mr. ASPINALL, from the committee of conference, submitted the
following

CONFERENCE REPORT

[To accompany H. R. 5881]

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 5881) to supplement the Federal reclamation laws by providing for Federal cooperation in non-Federal projects and for participation by non-Federal agencies in Federal projects, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendments of the Senate and agree to the same with an amendment as follows:

In lieu of the matter inserted by the Senate amendment insert the following: *That the purpose of this Act is to encourage State and local participation in the development of projects under the Federal reclamation laws and to provide for Federal assistance in the development of similar projects in the seventeen western reclamation States by non-Federal organizations.*

SEC. 2. As used in this Act—

(a) The term "construction" shall include rehabilitation and betterment.

(b) The term "Federal reclamation laws" shall mean the Act of June 17, 1902 (32 Stat. 388), and Acts amendatory thereof or supplementary thereto.

(c) The term "organization" shall mean a State or a department, agency, or political subdivision thereof or a conservancy district, irrigation district, water users' association, an agency created by interstate compact, or similar organization which has capacity to contract with the United States under the Federal reclamation laws.

(d) The term "project" shall mean (i) any complete irrigation undertaking, including incidental features thereof, or distinct unit of such an undertaking or a rehabilitation and betterment program for an existing irrigation project, authorized to be constructed pursuant to the Federal reclamation laws and (ii) any similar undertaking proposed to be constructed by an organization. The term "project" shall not include any such undertaking, unit, or program the cost of which exceeds \$5,000,000: Provided, That any project, the estimated cost of which is more than \$5,000,000 but less than \$10,000,000, may qualify under this Act if the applicant organization is ready, able, and willing to finance otherwise than by loan or grant under this Act all costs in excess of the amount of the loan or grant which would be made under this Act if the estimated construction cost were \$5,000,000: Provided further, That nothing contained in this definition shall preclude the making of a grant not in excess of \$5,000,000 in accordance with the provisions of sections 4 and 5 of this Act, to organizations whose proposed projects qualify for the same but which are not applicants for a loan under this Act: And provided further, That nothing contained in this Act shall preclude the making of more than one loan or grant, or combined loan and grant, to an organization so long as no two such loans or grants, or combinations thereof, are for the same project, as herein defined.

(e) The term "Secretary" shall mean the Secretary of the Interior.

SEC. 3. Any organization desiring to avail itself of the benefits provided in this Act shall submit a proposal therefor to the Secretary in such form and manner as he shall prescribe. Each such proposal shall be accompanied by a payment of \$1,000 to defray, in part, the cost of examining the proposal.

SEC. 4. (a) Any proposal with respect to the construction of a project which has not theretofore been authorized for construction under the Federal reclamation laws shall set forth, among other things, a plan and estimated cost in detail comparable to those included in preauthorization reports required for a Federal reclamation project; shall have been submitted for review by the States of the drainage basin in which the project is located in like manner as provided in subsection (c), section 1 of the Act of December 22, 1944 (58 Stat. 887), except that the review may be limited to the State or States in which the project is located if the proposal is one solely for rehabilitation and betterment of an existing project; and shall include a proposed allocation of capital costs to functions such that costs for facilities used for a single purpose shall be allocated to that purpose and costs for facilities used for more than one purpose shall be so allocated among the purposes served that each purpose will share equitably in the costs of such joint facilities.

(b) Every such proposal shall include a showing that the organization already holds or can acquire all lands and interests in land (except public and other lands and interests in land owned by the United States which are within the administrative jurisdiction of the Secretary and subject to disposition by him) and rights, pursuant to applicable State law, to the use of water necessary for the successful construction, operation, and maintenance of the project and that it is ready, able, and willing to finance otherwise than by loan and grant under this Act such portion of the cost of construction (which portion shall include all costs of acquiring lands, interests in land, and rights to the use of water) as the Secretary shall have advised is proper in the circumstances: Provided, That the contribution of any applicant organization shall not be required to

be in excess of 25 per centum of the costs of the project which, if it were being constructed as a Federal reclamation project, would be properly allocable to reimbursable functions under general provisions of law applicable to such projects.

(c) If the project is found by the Secretary and the Governor of the State in which it is located (or an appropriate State agency designated by him) to be financially feasible and upon determination by the Secretary that the requested project constitutes a reasonable risk under the provisions of this Act, the Secretary is hereby authorized to negotiate a contract with the applicant organization as provided in section 5; but no such contract shall be executed by the Secretary prior to sixty calendar days (which sixty days, however, shall not include days on which either the House of Representatives or the Senate is not in session because of an adjournment of more than three days to a day certain) from the date on which the project proposal has been submitted to both branches of the Congress for consideration by the appropriate committees thereof, and then only if neither such committee, by committee resolution and notification in writing to the Secretary, disapproves the project proposal within such period: Provided, That if both such committees, in the same manner and prior to the expiration of such period, approve the project proposal, then the Secretary may proceed to execute the contract: Provided further, That in the event either committee disapproves the project proposal, the Secretary shall not proceed further unless the Congress has approved the same. The Secretary at the time of submitting the project proposal to Congress or at the time of his determination that the requested project constitutes a reasonable risk under the provisions of this Act, may reserve from use or disposition inimical to the project any lands and interests in land owned by the United States which are within his administrative jurisdiction and subject to the disposition by him and which are required for use by the project. Any such reservation shall expire at the end of two years unless the repayment contract provided for in section 5 of this Act shall have been executed.

(d) The Secretary shall give due consideration to financial feasibility, emergency, or urgent need for the project, whether the proposal involves furnishing supplemental irrigation water for an existing irrigation project, whether the proposal involves rehabilitation of existing irrigation project works, and whether the proposed project is primarily for irrigation. All project works and facilities constructed under this Act shall remain under the jurisdiction and control of the local contracting organization subject to the terms of the repayment contract.

SEC. 5. Any contract authorized to be negotiated under the provisions of subsection (c) of section 4 of this Act shall set out, among other things—

(a) the maximum amount of any loan to be made to the organization and the time and method of making the same available to the organization. Said loan shall not exceed that portion of the estimated cost of constructing the project which, if it were being constructed as a Federal reclamation project, would be properly allocable to reimbursable functions under general provisions of law applicable to such projects;

(b) the maximum amount of any grant to be accorded the organization and the time and method of paying the same to the organization. Said grant shall not exceed that portion of the estimated cost of constructing the project which, if it were being constructed as a Federal reclamation project, would be properly allocable to nonreimbursable functions under general provisions of law applicable to such projects;

(c) a plan of repayment by the organization of (1) the sums lent to it in not more than fifty years from the date when the principal benefits of the project first become available; (2) interest, as determined by the Secretary of the Treasury, by estimating the average annual yield to maturity, on the basis of daily closing market bid quotations or prices during the month of May preceding the fiscal year in which the loan is made, on all outstanding marketable obligations of the United States having a maturity date of fifteen or more years from the first day of such month of May, and by adjusting such estimated average annual yield to the nearest one-eighth of 1 per centum at the beginning of the fiscal year preceding the date on which the contract is executed, on that pro rata share of the loan which is attributable to furnishing irrigation benefits in each particular year to land held in private ownership by any one owner in excess of one hundred and sixty irrigable acres; and (3) in the case of any project involving an allocation to domestic, industrial, or municipal water supply, or commercial power produced as an element of the project and incidental to its full development, interest on the unamortized balance of an appropriate portion of the loan at a rate as determined in (2) above;

(d) provision for operation of the project, if a grant predicated upon its performance of nonreimbursable functions is made, in accordance with regulations with respect thereto prescribed by the head of the Federal department or agency primarily concerned with those functions and, in the event of noncompliance with such regulations, for operation by the United States or for repayment to the United States of the amount of any such grant;

(e) such provisions as the Secretary shall deem necessary or proper to provide assurance of and security for prompt repayment of the loan and interest as aforesaid. The liability of the United States under any contract entered into pursuant to this Act shall be contingent upon the availability of appropriations to carry out the same, and every such contract shall so recite; and

(f) provisions conforming to the preference requirements contained in the proviso to section 9 (c) of the Act of August 4, 1939 (53 Stat. 1193), if the project produces electric power for sale.

SEC. 6. Any proposal with respect to the construction of a project which has theretofore been authorized for construction under the Federal reclamation laws shall be made in like manner as a proposal under section 4 of this Act, but the Secretary may waive such requirements of subsections (a) and (b) of that section as he finds to be duplicative of, or rendered unnecessary or impossible by, action already taken by the United States. Upon approval of any such proposal by the Secretary he may negotiate and execute a contract which conforms, as nearly as may be, to the provisions of section 5 of this Act.

SEC. 7. Upon request of an organization which has made or intends to make a proposal under this Act, the head of any Federal department or agency may make available to the organization any existing engineering, economic, or hydrologic information and printed material that it may have and that will be useful in connection with the planning, design, construction, or operation and maintenance of the project concerned. The reasonable cost of any plans, specifications, and other unpublished material furnished by the Secretary pursuant to this section and the cost of making and administering any loan under this Act shall, to the extent that they

would not be nonreimbursable in the case of a project constructed under the Federal reclamation laws, be treated as a loan and covered in the provisions of the contract entered into under section 5 of this Act unless they are otherwise paid for by the organization.

SEC. 8. The planning and construction of projects undertaken pursuant to this Act shall be subject to all procedural requirements and other provisions of the Act of August 14, 1946 (60 Stat. 1080).

SEC. 9. The Secretary is authorized to perform any and all acts and to make such rules and regulations as may be necessary or proper in carrying out the provisions of this Act.

SEC. 10. There are hereby authorized to be appropriated, such sums as may be necessary, but not to exceed \$100,000,000 to carry out the provisions of this Act: Provided, That the Secretary shall advise the Congress promptly on the receipt of each proposal referred to in section 3, and no contract shall become effective until appropriated funds are available to initiate the specific proposal covered by each contract. All such appropriations shall remain available until expended and shall, insofar as they are used to finance loans made under this Act, be reimbursable in the manner hereinabove provided.

SEC. 11. This Act shall be a supplement to the Federal reclamation laws and may be cited as the Small Reclamation Projects Act of 1956.

SEC. 12. If any provision of this Act or the application of such provision to any person, organization, or circumstance shall be held invalid, the remainder of the Act and the application of such provision to persons, organizations, or circumstances other than those as to which it is held invalid shall not be affected thereby.

And the Senate agree to the same.

CLAIR ENGLE,
WAYNE N. ASPINALL,
LEO W. O'BRIEN,
A. L. MILLER,

Managers on the Part of the House.

CLINTON P. ANDERSON,
ALAN BIBLE,
ARTHUR V. WATKINS,
FRANK A. BARRETT,

Managers on the Part of the Senate.

STATEMENT OF THE MANAGERS ON THE PART OF THE HOUSE

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on amendments of the Senate to the bill (H. R. 5881) providing for Federal cooperation in non-Federal projects and for participation by non-Federal agencies in Federal projects, submit the following statement in explanation of the effect of the action agreed upon and recommended in the accompanying conference report:

The major change to the House-passed bill which was agreed to and adopted by the conference committee was the restriction of the legislation to only the 17 western reclamation States. The bill as it passed the House was applicable to all 48 States and the Territories of Alaska and Hawaii. There is a need for the type of program that this legislation authorizes in the East and South as well as the West, and this accounts for the wide support for nationwide coverage at the time the legislation was considered and passed in the House in May 1955. However, since that time the Departments of Agriculture and Interior and the Bureau of the Budget have recommended that the type of program authorized by this legislation be made available to the nonreclamation States by amendment to the Watershed Protection and Flood Prevention Act (Public Law 566, 83d Cong.). In response to requests from Senator Anderson, chairman of the conference committee, Assistant Secretary of Agriculture Peterson advised the committee that—

The Department of Agriculture believes that the purposes sought by title II of H. R. 5881 can most successfully be accomplished by amendment to Public Law 566, 83d Congress, which will, if enacted, permit the Secretary of Agriculture to perform as an integral part of the agricultural services the purposes provided for in title II of H. R. 5881.

Bureau of the Budget Director Hughes advised the committee that—

The Bureau also recommends that the Congress defer action on title II of the bill at this time, and that legislative authority to extend Federal assistance for irrigation developments in the 31 Eastern States be enacted separately from H. R. 5881. The Secretary of Agriculture will recommend to the Congress the extent to which such Federal assistance is required, and the terms and conditions under which it should be extended.

and Assistant Secretary of the Interior Aandahl advised that—

Consideration of the differences between the two versions and of the problems involved in integrating operations under either of them with operations under the Water Facilities Act and the Watershed Protection and Flood Prevention Act leads us to join the Bureau of the Budget and the Department

of Agriculture in recommending that coverage of the Eastern States in H. R. 5881 be deleted.

The Department of Agriculture is apparently disturbed over the prospect of administering two similar programs under separate legislation.

In addition to these expressions from the administration, another action—even more important to the conference committee's consideration—has taken place. Recently, the House passed H. R. 8750, which would amend the Watershed Protection and Flood Prevention Act, and this legislation is presently pending in the Senate. Enactment of H. R. 8750 or similar legislation would give the nonreclamation areas of the Nation a program similar to that provided by H. R. 5881 but without the problems inherent in attempting to administer basic reclamation legislation in nonreclamation States.

Under these circumstances, the conference committee considered it appropriate that the "small projects" local participation program provided under H. R. 5881 should be limited to the reclamation States.

Another significant change to the House-passed bill adopted by the conference committee relates to the authorization procedure. The bill as it passed the House would have required the Secretary to submit project proposals which he approved to both branches of the Congress and to not execute a contract covering any proposal prior to 60 days following such submission. This procedure would permit the review of the proposals by the Congress but it would not provide for approval or disapproval of such proposals. The conference committee retained this provision but extended it to provide for approval or disapproval by the appropriate House and Senate committees within the 60-day period. If either committee should disapprove a project proposal, approval by the Congress would be required before the Secretary could execute the contract.

With respect to the requirement that the applicant organization finance a portion of the project cost, the conference committee adopted, with some modification, the provision in the Senate-passed bill that the organization not be required to contribute in excess of 25 percent of the reimbursable costs.

The conference committee also adopted one other provision in the Senate-passed bill which requires that, where a project produces electric power or energy for sale, the contract for such project include provisions conforming to the power preference provisions of reclamation law. Because of the limitation in the size of the projects, and the treatment of power in the legislation as an incidental purpose, it is not expected that this "small projects" program will result in any appreciable power production for disposal by the organizations. The organizations themselves are preference customers under the law.

In all other major respects, the conference committee agreed to and adopted language in the House-passed bill.

CLAIR ENGLE,
WAYNE N. ASPINALL,
LEO W. O'BRIEN,
A. L. MILLER,

Managers on the Part of the House.

